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SENATE

REPORT
100-3

URBAN MASS TRANSPORTATION AUTHORIZATION ACT OF 1987

JANUARY 27, 1987.—Ordered to be printed

Mr. PROXMIRE, from the Committee on Banking, Housing, and Urban Affairs, submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany S. 382]

The Committee on Banking, Housing, and Urban Affairs, having considered the same, reports favorably a Committee bill (S. 382) to amend and extend the authorization for the Urban Mass Transportation Act of 1964 and recommends that the bill do pass.

HISTORY AND PURPOSE OF THE LEGISLATION

The Committee on Banking, Housing, and Urban Affairs has reported favorably the Urban Mass Transportation Authorization Act of 1987. The full Committee met on January 21, 1987 to consider the legislation and ordered the bill favorably reported without objection.

The Surface Transportation Assistance Act of 1982 (Public Law 97-424) reaffirmed a major national commitment to mass transportation. That Act made mass transit, for the first time, an eligible use of the Highway Trust Fund, allocating to mass transit capital projects one cent of a 5 cent increase in the federal tax on gasoline. It created Section 9 of the Urban Mass Transportation Act, a major new block grant program to provide the nation's transit systems with funds for recurring capital and operating expenses on an annual rather than a project-by-project basis. Transit program au-

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thorizations provided by the Act expired at the end of fiscal year 1986.

The Committee began work on an extension of urban mass transit authorizations early in the 99th Congress. The Committee held a day of hearings March 25, 1985 on "Mass Transit Authorization—1986". On April 9, 1986, the Committee held a hearing on ways to improve construction management oversight on major transit capital projects. On April 15 and 16, 1986, the Committee held two days of hearings on reauthorization of the Urban Mass Transportation Act. As a result of these hearings, the Committee developed an amendment (Senate Amendment #2872) to reauthorize federal transit assistance programs through fiscal year 1990. On September 23, 1986, this amendment was offered to S. 2405, the Federal Aid Highway Act of 1986, and agreed to by voice vote of the Senate.

The Committee's amendment of last year would have authorized funding for mass transit at the levels provided by the Senate version of H.R. 5205, the fiscal year 1987 Department of Transportation appropriations bill. It proposed no major structural changes in the federal transit assistance programs. It would have made a number of minor but useful changes in law to improve the effectiveness and efficiency of mass transit programs.

The Senate and House of Representatives failed to reach agreement on highway and transit legislation before the 99th Congress adjourned. Since mass transit authorization has now expired, it is important that the Congress act quickly to renew the national commitment to adequate public mass transportation.

It is the intent of the Committee to preserve and maintain the basic policy and program structure established by the Surface Transportation Assistance Act of 1982. The Committee bill builds on the transit amendment that passed the Senate last year. The provisions of this bill are drawn largely from that amendment and other mass transit legislation referred to the Committee in the last Congress. It provides similar levels of funding and makes no major changes in program structure.

NEED FOR THE LEGISLATION

Federal assistance to mass transit has provided the resources necessary to improve public transportation services. It has helped mass transit systems around the nation maintain their physical equipment, provide new service and make existing services more efficient. Recent federal support for public transportation has reversed the previous decline in use of mass transit systems. However, reductions in federal support are beginning to put those gains in jeopardy. The transit industry's capital needs over the next five years are estimated by the American Public Transit Association at $36 billion, or more than three times the level of current federal capital support.

The legislation reported by the Committee will not meet all those capital needs. The Committee bill does, however, maintain the current level of Federal commitment to public transportation. It is designed to preserve the investment that the nation has made in improved transit service and, within continuing budgetary con-

straints, to provide resources for additional investment in new services.

In its budgets for fiscal years 1986 and 1987 and again recently in its budget for fiscal 1988, the Administration has proposed elimination of all general revenue support for mass transit. Administration proposals have varied in their details from year to year, but they have consistently proposed a transit program that is less than half of the level appropriated by Congress for fiscal year 1987. The Administration recommendations are grossly inadequate to meet the nation's transit financing needs. They have been consistently rejected by Congress on a bipartisan basis in budget resolutions and appropriations bills.

The Administration appears to recognize the inadequacy of its proposals. No legislation reflecting the Administration's mass transit recommendations was referred to the Committee in the last Congress, although the Administration was well aware that transit and highway reauthorizations were needed in 1986. This year the Administration provided the Committee with its draft mass transit bill only two days before the Committee was scheduled to consider reauthorization legislation. The Administration delayed even though it understood the Committee intended to act early in this Congress to minimize the uncertainty in the nation's mass transit systems caused by failure to enact highway-transit legislation in 1986. When the Committee met to consider this bill, the Administration's legislative proposal had yet to be introduced in the Senate.

The need for early action this year is urgent. Legislation reauthorizing transit programs through fiscal year 1990 should have been completed last year. Public transit systems must be able to plan and budget in an orderly way. Cities need to know the amount of transportation resources available—both transit and highway—if they are to make prudent investment decisions. These decisions require long lead times. They require program stability for a strong and effective planning process.

The Committee intends to offer the provisions of this bill as a floor amendment during Senate consideration of the Federal Aid Highway Act of 1987 (S. 185).

COMMITTEE DELIBERATIONS

The Committee met in open executive session on January 21, 1987. At the executive session, an amendment by Senators Dixon and Cranston to reduce authorization levels was adopted by voice vote. An amendment by Senator Hecht dealing with reallocation of transit assistance from a Nevada community to Santa Clara County, California was accepted without objection. The Committee defeated by voice vote an amendment by Senator Gramm requiring each state to be allocated from the Mass Transit Account at least 80 percent of the gas tax revenue it generates. An amendment by Senator Garn dealing with contracting for engineering and design services was adopted by voice vote. An amendment by Senator Gramm striking the University Research Center provisions from the Committee print was adopted by voice vote. A substitute amendment to strike Section 19 of the Committee print was offered

by Senator Garn to a motion by Senator Gramm to postpone consideration of the bill and was defeated on a roll-call vote of 7 to 10. A motion offered by Senator Gramm to postpone consideration of the Committee print until further hearings are held was defeated on a vote of 5 to 12. An amendment by Senator Proxmire to limit authorizations to one year was defeated by voice vote. An amendment by Senator Gramm to delete Section 19 of the Committee print was defeated on a vote of 6 to 11. The Committee print was then ordered reported as an original bill without objection. A resolution waiving Section 303(a) of the Budget Act was approved by a roll-call vote of 14 to 3.

EXPLANATION OF THE LEGISLATION

Section 1—Short title.—This section states that the Act may be cited as the "Urban Mass Transportation Authorization Act of 1987".

Section 2—Authorizations.—This section would continue current federal support for public transportation by freezing urban mass transit funding essentially at fiscal year 1987 levels through fiscal year 1990.

Federal support for mass transit has been severely cut in recent years. Budget authority for mass transit was $4.66 billion in fiscal year 1981. In 1982, after authorizing a 5-cent increase in the gas tax and allocating one cent of that increase to mass transit, Congress provided a combined funding level—using gas tax and general revenue—of about $4.47 billion for fiscal year 1982. Mass transit funding for the current fiscal year 1987 is $3.27 billion—a cut from the fiscal 1981 levels of about $1.4 billion or 30 percent. After accounting for inflation, local transit systems have had to take a reduction in federal assistance of about 50 percent. This has occurred over a period in which Administration budgets have included a 50 percent increase in budget authority for all federal activities.

Some members of the Committee believe strongly that sound arguments can be made for significant increases in current federal support for mass transit. The Committee bill, however, would essentially freeze the authorization for federal transit funding through fiscal 1990 at the levels appropriated in the fiscal 1987 Continuing Resolution (Public Law 99-500). It authorizes funding for major transit programs as follows:

PROPOSED AUTHORIZATION LEVELS, FISCAL YEARS 1987 THROUGH 1990

[In millions of dollars]

Program	Appropriated, 1987	Proposed, fiscal year—		
		1988	1989	1990
Discretionary capital grants (sec. 3)	1,002.50	1,000.75	1,000.75	1,000.75
Formula grants (sec. 9):				
Cities over 50,000:				
General revenue	1,951.40	1,941.35	1,941.35	1,941.35
Gas tax revenue		1.75	1.75	1.75
Rural transit (sec. 18)	58.60	58.65	58.65	58.65
Additional appropriations	15.90			
Subtotal	2,015.90	2,001.75	2,001.75	2,001.75
Interstate transfer	200.00	200.00	200.00	200.00
Other	48.40	50.00	50.000	50.00
Total	3,266.80	3,253.50	3,252.50	3,252.50

Authorizations for fiscal years 1988 through 1990 would be $14.3 million per year below the amounts appropriated for the current fiscal year. This section would also create a new "blending" mechanism to make resources in the Mass Transit Account of the Highway Trust Fund available for both discretionary and formula grants. Under existing law, the Section 3 discretionary capital grant program is funded solely out of gas tax revenues, and the Section 9 formula grant program is funded solely out of general revenues.

Over the past four years, the share of total transit assistance provided through formula grants has fallen from 73 percent to about 66 percent largely because rising gas tax revenues have buffered the discretionary grant program from some of the budgetary pressure that has been on the formula grant program. Some proposals would reduce the formula grant share even further. This leads to two problems. First, small and medium-sized cities, finding that their formula grants are increasingly insufficient, must seek additional assistance under the Section 3 program where small systems are at a competitive disadvantage. Second, sound local management is made needlessly difficult as an increasing share of federal assistance is provided through less predictable discretionary grants.

The Committee bill would take a modest step toward unitary authorization, under which Section 3 and Section 9 activities would both be funded in similar ratio from general revenues and from the Mass Transit Account of the Highway Trust Fund. The bill would authorize funding of the Section 3 discretionary grant program at $1 billion per year only out of the gas tax and funding of the Section 9 formula grants at $2 billion per year only out of general revenues. The new "blending" mechanism would, in general, allocate gas tax receipts in excess of $1 billion to both programs: 70 percent to formula grants and 30 percent to discretionary grants. The bill would limit the amount made available under this mechanism to 1) $2.5 million or 2) the excess of gas tax receipts over $1 billion, whichever is less. The bill further provides that, if appropriations from general revenues fall below $2 billion, all amounts made available under the blending mechanism would, subject to limitations in appropriations, go first to make up that shortfall. If fully funded, the Committee bill would provide the following allocation from the Mass Transit Account of the Highway Trust Fund:

[In millions of dollars]

Discretionary grants (sec. 3):	
First $1 billion gas tax receipts	1,000.00
30 percent of additional receipts	0.75
Subtotal discretionary grants	1,000.75
Formula grants (sec. 9): 70 percent of additional receipts	1.75
Total use of gas tax receipts	1,002.50

Section 3—Allocation of discretionary capital grant funds.—This section would establish an allocation of Section 3 discretionary grants among three major categories in a ratio that reflects recent practice: 1) rail modernization—45 percent, 2) new starts—40 percent, and 3) bus projects—15 percent. Past appropriations acts have specified allocations of Section 3 funding among these categories, and the Department of Transportation has in effect apportioned available funds similarly. By including this allocation in law, the Committee intends to provide communities with useful guidance on funding levels that are likely to be available for particular types of projects. The Committee also intends to ensure that no one category of projects commands a disproportionate share of Section 3 resources.

Section 4—Reports on use of funds.—This section would improve UMTA's periodic reporting to Congress on progress of transit projects under its various grant programs. The section would also require a new report on UMTA's commitments to make funds available for future projects.

Under existing law, UMTA is required to make four reports per year to Congress regarding its efforts to commit funds for transit projects. Such reports must now be submitted to Congress within twenty days of the start of each calendar quarter.

The Committee bill would specify that these reports shall be submitted to the authorizing and appropriating committees of the Senate and the House rather than to Congress in general. The bill would also set a reporting deadline of thirty days after the close of the quarter covered by the report, which would permit the reports to include actual figures promptly after quarterly accounts are closed. Under existing practice, the reports provide the Department of Transportation's estimates of its future activity, which have proven to be not very useful to Congress. The change from existing law is intended to permit more timely and effective use of the reported information. The Secretary would also be required to submit information on the status of grant contracts and other obligation authority mechanisms. This would provide the relevant committees with information needed to evaluate UMTA's progress in implementing Congressional intent.

Section 5—Leased property.—This section permits grantees to use Section 9 formula grant funds to lease major capital cost items such as computers, maintenance of way and other heavy equipment, maintenance of effort rail equipment, radio equipment, bus garages, property or structures for park and ride, and other buildings or facilities used for mass transit purposes. The Committee recognizes that it is often more cost-effective for grantees to lease rather than purchase or build major capital items. Leasing arrangements can also provide transit authorities with flexibility that is needed, for example, to maintain technological advance in their communications and computing equipment or to adapt buildings and other facilities to changing needs. By including this section, the Committee intends to help grantees better manage their operations and conduct long-term and short-term planning.

Section 6—Associated capital maintenance.—This section would expand the definition of "associated capital maintenance items" to include equipment and materials that comprise at least one half of one percent of the value of the transit vehicle for which they will be used. Equipment and materials eligible under this section include such items as: tires and tubes for vehicles, evaporator units on rail coaches, freon compressors, motor alternators, double-ended blowers, fan gear units on locomotives, air compressors on certain locomotives, blower motors, and coupler-draft gears.

The Committee believes that, by expanding the number and type of items that may be capitalized, this section will encourage transit authorities to maintain and extend the life of their vehicles and thus reduce the frequency of new vehicle purchases. Regular maintenance through replacement of these items preserves rolling stock and protects the Federal investment in mass transit.

Section 7—Newly urbanized areas.—This section corrects a drafting error in the Surface Transportation Assistance Act of 1982 that has led to inequitable treatment of 92 areas in 41 states and Puerto Rico. Affected localities are those that shifted from the "rural size" category to the "small urban size" category as a result of the 1980 Census. The 1982 Act froze future operating assistance for all other small urbanized areas at 95% of the amount they had available in fiscal year 1982. Because newly urbanized areas did not participate in the Section 9 program in that base year, the Act set an arbitrary limit on their operating assistance equal to 40 percent of their future Section 9 formula grants. As appropriations for Section 9 formula grants have declined, these 92 communities, alone among small urban areas, have had their operating assistance reduced.

This action removes that inequity by giving these newly urbanized areas a freeze in operating assistance through fiscal 1990 at their fiscal 1985 level. The Committee is aware that smaller areas depend more heavily on federal operating assistance to run their transit systems than larger uban areas and believes that these newly urbanized areas should not be disproportionately harmed by reductions in Section 9 appropriations.

Section 8—Use of lapsed formula grant funds.—This section would amend the Urban Mass Transportation Act to require reapportionment of lapsed Section 9A and Section 9 funds not later than thirty days after the close of the period in which they remain available to the original grant recipient.

Under existing law, formula grant funds are available to grantees for three fiscal years following the year in which they are appropriated. The statute requires that formula funds remaining unobligated at the end of this period be recaptured and reapportioned in the succeeding fiscal year. Although this Committee has long intended that unobligated formula funds be reapportioned promptly, the Urban Mass Transportation Administration (UMTA) has regularly failed to make these reapportionments until compelled to do so by Congress. This failure has interferred with the sound management of local transit systems contrary to the will of Congress.

The Committee bill would provide potential grantees with sufficient time to develop and submit grant applications while giving UMTA ample time to review and approve those applications. It

would thus permit fuller and more timely use of limited transit funding.

Section 9—Apportionment of formula grant funds.—This section would require the Secretary of Transportation to apportion funds for this Section 9 formula program within 10 days of enactment of the appropriations act that provides the funds. It would require the Secretary to publish the apportionments, including the individual apportionments for each urbanized area with a population of 50,000 or more, and the amounts attributable to each State of a multi-state urbanized area. The apportionments for fiscal year 1987 were not made until December 10, 1986 although the appropriations were enacted on October 18, 1986. By including this provision, the Committee intends to preclude such delays in the future and ensure that local transit managers will have reliable information and assured funding, which was a Congressional objective when the formula grant program was enacted.

Section 10—Use of funds from the Mass Transit Account of the Trust Fund for Section 9 formula grant purposes.—This is a technical provision intended to ensure that any Mass Transit Account funds are available for capital grants as otherwise provided by Section 9 of the Urban Mass Transportation Act of 1964. It would create a subsection 9(q) in that Act, governing the use of any Mass Transit Account funds allocated to Section 9 by the new blending mechanism. It would ensure that gas tax funds flowing into the formula program would be allocated under the basic Section 9 formula and would otherwise be treated like other amounts made available under Section 9.

Section 11—Certification regarding use of Section 9 formula grant funds.—This section would require formula grant recipients to certify within twelve months after the end of the fiscal year in which the funds are apportioned that they intend to obligate the funds within the remaining period of availability. If such certification is not made, the funds would lapse or become available for reapportionment two years after the end of the fiscal year in which they are apportioned.

Under existing law, Section 9 formula grant funds remain available to a recipient in the year they are apportioned and for three subsequent years. This multi-year availability of funds is intended to enable recipients to accumulate annual apportionments to finance larger projects. The Committee intends to maintain this flexibility for local transit authorities. However, the Committee wants to ensure that recipients have specific plans for unobligated formula grant amounts so that limited resources will not go unused.

Section 12—Rulemaking.—This section would require the Secretary to submit to the Senate and House transit committees an annual agenda listing all proposed rulemaking activities for the subsequent year. The agenda would have to be published in the *Federal Register.* Any proposed rulemaking would have to be made available for comment at least 60 days prior to its implementation. Provision would be made for emergency rules or waiver of the proposed rulemaking process where the Secretary determines such actions to be appropriate.

The Committee believes that UMTA should provide mass transit grantees with consistent and comprehensive procedural and policy guidance. This guidance must be given in a manner that is timely and supportive of local project planning, programming, grant submission and implementation. This section of the Committee bill is intended to help accomplish those goals.

The Committee has noted that UMTA has often issued new policies and procedures to be effective on the date of publication and has applied them to all requests for funding regardless of the status of such requests or the point in the fiscal year at which the rules were issued. Examples include issuance of the Major Capital Investment Policy on May 18, 1984 and the Private Enterprise Participation Policy on October 22, 1984. This practice has created unwarranted confusion and delay in the management of the mass transit program.

The Committee bill would make provision for expedited implementation of emergency rules, routine matters and rule changes with minimal impact, the Committee intends to give grantees the benefit of adequate notice and consistent application of regulatory changes by UMTA.

Section 13—Contracting for engineering and design services.—This section would require recipients of UMTA assistance to use a qualifications-based system, rather than a low-bid system, in selecting contractors to perform engineering and design services.

In approving this provision, the Committee intends 1) to conform mass transit contracting procedures for professional services with those used by Federal agencies and 2) to base competition for technical services contracts on a standard of competency that can lead to the development of safe and efficient transit systems.

Section 14—Bus remanufacturing and overhauling of rolling stock.—This section would provide capital assistance under the Urban Mass Transportation Act to bus remanufacturing that extends the life of a bus eight years or more and to rolling stock overhauls. The Committee intends to encourage bus remanufacturing that significantly extends the life of existing assets because it can be a less costly alternative to the purchase of new buses.

This section would make it clear that overhauls of transit rolling stock are eligible for capital assistance under the Urban Mass Transportation Act, including assistance under Section 3 and Section 9, even if the overhauls do not extend the useful life of a vehicle. Until recently, the Urban Mass Transportation Administration's policy has been to fund only major vehicle rehabilitations at the end of the vehicle's useful life and then only if the life is substantially extended. This policy discouraged transit properties from overhauling equipment during their useful life to rehabilitate or replace expiring subsystems, such as engines. The Committee believes that such overhaul work has proven to be a cost-effective method for keeping rolling stock in reliable condition throughout its useful life. Overhaul work often involves major capital reinvestment in a vehicle that cannot be accommodated within constrained transit operating budgets.

The Committee believes that the UMTA policy of not allowing capital grants for overhauls has forced many transit systems to adopt the practice of incrementally rehabilitating or replacing indi-

vidual subsystems only when they fail or on scheduled change-out dates. This practice tends to produce highly unreliable fleets of vehicles that repeatedly require downtime for subsystem rehabilitation or replacement. An overhaul during the life of a vehicle would avoid that problem by renovating a substantial portion of the vehicle's major subsystems at one time. The Committee intends to encourage practices that would improve reliability, reduce the number of spare vehicles needed and reduce capital expenditures for new vehicles.

To be eligible for capital assistance under this section an overhaul project should involve the simultaneous rehabilitation or replacement of a series of subsystems whose estimated expiration dates are within close proximity to one another. For rolling stock, overhauls must be distinguished from rehabilitation at the end of the vehicle's useful life because the vehicle's useful life is determined by its body and frame rather than its engine or other subsystems. End-of-life rehabilitations, therefore, involve major body and frame reconstruction. The Committee believes that extension of the rolling stock's useful life should be a precondition for capital funding for end-of-life rehabilitation and such extensions must prove to be more cost-effective than acquisition of new rolling stock before capital funding is provided.

Section 15—Rural transportation equity.—This section would prohibit the imposition of additional restrictions on the use of Section 18 rural transit grants for operating assistance to eligible projects. In approving this section, the Committee intends to reinforce a decision of Congress when it established the formula grant program for non-urban areas. Congress then limited the use of federal funds for operating assistance to 50 percent of the net cost of operating expenses. No other restrictions were imposed because of the special transportation needs and limited resources of rural areas. The Committee is aware that restrictions in addition to those included in the law have been imposed on the use of Section 18 assistance for operating expenses and that other restrictions have been proposed. The Committee bill would establish that such additional restrictions are inconsistent with Congressional intent.

Section 16—Project management oversight.—This section would authorize the Secretary to require oversight on major capital projects financed under the Act. This section permits the Secretary annually to use for such oversight up to one-half of one percent of the funds made available for transit capital projects. Under this provision, a grant recipient would be required to develop a project management plan that addresses, at a minimum, staff organization, project financing, a construction schedule, and procedures for change orders. The Secretary would be required to issue guidelines for the project management program within 120 days of enactment of this section and to provide 120 days for Congressional review before implementation. The Secretary shall have no more than 60 days to review and approve individual project management plans submitted by grantees in compliance with this section.

Project management oversight on major transit capital projects has been a continuing concern of this Committee. On April 9, 1986, the Subcommittee on Housing and Urban Affairs held hearings on S. 1931, which addressed this important subject. That bill, intro-

duced by Senator D'Amato and cosponsored by several other members of the Committee, has been incorporated with several amendments into this section.

Under current law, UMTA does not require transit properties to have in place construction management plans. As a result, UMTA has been unable to effectively oversee many major capital projects it has funded. This committee believes that the Federal Government has a responsibility to the nation's taxpayers to ensure that federal grant money is prudently spent and accomplishes what it is supposed to accomplish. It is not sufficient to deal with construction delays and enormous cost overruns after they occur. Without requiring transit grantees to produce construction management plans, UMTA is unable to know whether the projects it funds will be useful even after tens of millions of Federal dollars are poured into them.

This provision would require local transit officials with major construction projects to provide detailed construction management plans as a prerequisite to obtaining federal funding. This simple requirement will promote aggressive supervision of federally funded mass transit projects by UMTA. The plans would have to specify exactly how quality control and quality assurance would be guaranteed. At a minimum, these plans must include the following items:

—Quality control and quality assurance procedures;
—Duly adopted budgets;
—Materials testing policies and procedures;
—Qualifications and reporting relationships of staff;
—Construction schedule approved by both the transit agency and the prime contractor;
—Change order procedures; and
—Recordkeeping and document control procedures.

The bill would require the Secretary to issue regulations to implement this section, including a definition of "major capital project", within 120 days after it becomes law. Clearly, the Committee intends to require the submission of construction management plans not for all capital projects but only for those that involve very large capital grants. The Committee chose not to specify a grant size for which this provision will apply because transit grantees differ in their experience with building large projects—a large project for one grantee may be routine for another grantee. The Committee expects the Secretary to retain the flexibility to require construction management plans in situations that are likely to save federal dollars and produce better projects.

Section 17—Crime prevention and security.—This section would permit UMTA to make capital grants for improvements in transit crime prevention and security. Operating expenses would not be an eligible item for funding under this Section.

The Committee bill would explicitly make security equipment and facilities eligible for federal mass transit assistance. Examples of typical items that could be founded under this section include: parabolic mirrors, tamper-resistant lighting, closed-circuit television cameras, radios, and other electronic crime-prevention devices. Transit riders have a right to expect that use of our nation's transit systems will not unduly subject them to risk of crime. A crime-

free and safe atmosphere in transit systems promotes increased ridership, which further enhances the security of the system, and increases fare revenues.

No funds awarded under this provision could be used for operating expenses. This amendment is intended to provide funding directly to mass transit operators that have formal agreements with local law enforcement units to provide security within the mass transit system.

Section 18—Inflation adjustment for Interstate Transfer Transit Program.—This section would provide a one-time inflation adjustment of $100 million for the Interstate Transfer-Transit Program. It would not authorize the appropriation of any additional money. Instead, it would increase the "cost to complete" estimate from its current $1 billion level to $1.1 billion.

The Interstate Transfer Transit Program was designed to permit urban areas to trade in funds intended for interstate highway construction projects and to use those funds for other highway or transit projects in the urban area. It was intended both to give cities a range of options for meeting their transportation needs and to avoid the construction of unneeded and disruptive urban interstate highways.

The Department of Transportation approved the interstate highway withdrawals and also approved the local communities' programs for alternate uses of the funds. Until 1982, the cost of these projects, as with the interstate highway construction projects they replaced, was adjusted for inflation annually. The "cost-to-complete estimate" for a city equals the aggregate cost of the city's projects, adjusted for inflation, minus the amount of federal interstate-transfer funds received that year.

In 1982 UMTA eliminated the inflation adjustment because the 1985 deadline for withdrawing interstate highway projects was approaching and the Administration wanted to end the interstate transfer-transit program by 1987.

However, more withdrawal requests were made before the 1985 deadline than had been anticipated and annual appropriations for the program have been far lower than expected. As a result, more than $1 billion in projects still remain to be completed.

The Committee believes that an adjustment in the cost-to-complete estimate is needed to ensure that eligible communities have adequate funds to complete the program of projects approved by the Secretary of Transportation. The proposed 10 percent increase is only a partial adjustment for the real rate of inflation. Current participants in the interstate transfer-transmit program include cities in 14 states: California, Connecticut, Illinois, Indiana, Iowa, Maryland, Massachusetts, Minnesota, New Jersey, New York, Ohio, Oregon, Rhode Island and Tennessee.

Section 19—Multiyear contract for Metro Rail Project.—This section would require the Secretary to execute a contract under Section 3 of the Urban Mass Transportation Act of 1964, as amended, with the South California Rapid Transit District to complete Minimum Operable Segment-1 (MOS-1) and construct Minimum Operable Segment-2 (MOS-2) of the San Fernando Valley to Downtown Los Angeles Metro Rail Project. This section would provide the stable, multi-year Federal commitment necessary to complete the

minimum operable segments and permit the system to function cost-effectively.

This provision would provide continued funding for MOS–1, for which construction began on September 29, 1986. Funds would be released for MOS–2 only after an approved Supplemental Environment Impact Statement is approved by UMTA and published in the *Federal Register.*

In approving this provision, the Committee took into consideration that the Administration ranked the Los Angeles system the most cost-effective new rail project in the nation but has consistently delayed the release of Congressionally appropriated funds. The Committee noted that the planned non-federal contribution to the project (from State, local and private sources) is more than twice that required by statute. The Committee also took notice of the fact that voters of Los Angeles County approved a referendum to build the system and significantly increase the local sales tax to help finance it. The Committee believes it is in the national interest to encourage such efforts of States and localities to assume the largest possible share of the cost of mass transit systems.

Section 20—Bay Area Rapid Transit Study.—The Committee recognizes the severe problem that traffic congestion is causing in the San Francisco Bay Area. The situation threatens to impede economic growth. Residents of the area need a mass transportation system adequate to enable them to reach job centers throughout the Bay Area. In particular, urban residents need access to suburban employment opportunities.

In response to this need, BART has begun to seek funding for expansion of its system. In keeping with the tradition of significant reliance on local financing, BART will use a share of the revenue from a recently approved county transit tax for some expansion funding. It has also initiated the alternatives analysis process needed to qualify for Federal assistance. This study would help insure sound financial planning by identifying the timing and amount of future needs for Federal assistance as well as anticipated local public and private support.

Section 21—Transfer of Section 9 funds.—This section would permit the Governor of Nevada, after consulting with all urban transit systems in Nevada, to transfer up to $10 million of unused Section 9A and 9 apportionments for use in Santa Clara County, California. Under current law, such transfers are permitted only within a State.

SECTION-BY-SECTION ANALYSIS AND DESCRIPTION

Section 1—Short title.—This section states that the Act may be cited as the "Urban Mass Transportation Authorization Act of 1987".

Section 2—Authorizations.—This section would provide authorization for the Section 9 discretionary grant and Section 18 rural transit programs at an annual total of $2 billion for fiscal years 1987 through 1990. It would authorize use of $1.0025 billion from the Mass Transit Account in fiscal year 1987 for the Section 3 discretionary grant program and $1 billion in each of fiscal years 1988 through 1990. In addition, the section would authorize use of the

Mass Transit Account funds up to the lesser of (1) $2.5 million or (2) the actual gas tax revenue in excess of $1 billion—allocating 70 percent to the Section 9 formula grant program and 30 percent to the Section 3 discretionary grant program. It further provides that this 70/30 allocation would be waived if appropriations of general revenues for Section 9 should fall below $2 billion, in which case 100 percent would go to Section 9 until the $2 billion level is reached.

The section also would authorize the Interstate Transfer-transit program at $200 million annually for fiscal years 1987 through 1990. It would authorize such sums as may be necessary for fiscal year 1987 and $50 million in each of fiscal years 1988 through 1990 to cary out the purposes of Sections 6, 10, 11(a), 12(a), and 20 of the Urban Mass Transportation Act of 1964.

Section 3—Allocation of discretionary capital grant funds.—This section would require the Secretary of Transportation to allocate Section 3 discretionary capital grant funds in the following way:

—45 percent for rail modernization and rehabilitation of existing systems;

—40 percent for construction of new fixed guideway projects or extensions of existing systems; and

—15 percent for replacement, rehabilitation or purchase of buses or bus-related equipment.

The section also would require similar treatment of all funds made available from the Mass Transit Account for Section 3 discretionary grant program.

Section 4—Reports on use of funds.—This section would require that various progress reports under section 4(1) of the Urban Mass Transportation Act be submitted 30 days after the end of the quarter covered by the report instead of 20 days after the start of such quarter. The section would clarify that each report is to be submitted to the Committee on Public Works and Transportation and the Appropriations Committee of the House of Representatives as well as to the Committee on Banking, Housing, and Urban Affairs, and the Committee on Appropriations of the Senate. The section would require the Secretary to submit a new report on the execution of grant contracts and Letters of Credit or other reimbursement authority for sums obligated for each State, designated recipient and applicant.

Section 5—Leased property.—This section would permit Section 9 formula grant funds to be used for leasing arrangements if the leasing alternative is more cost-effective than acquisition or construction. The section would direct the Secretary of Transportation to publish regulations governing the use of such funds for leasing in the *Federal Register* within 60 days of enactment and to issue such regulations within 120 days of enactment.

Section 6—Associated Capital Maintenance.—This section would expand the coverage of the term "associated capital maintenance items" under Section 9 for rolling stock by: (1) adding tires and tubes to the definition of items covered, (2) reducing the minimum value of associated capital maintenance items from one percent under existing law to one-half of one percent of current fair market value of the bus or transit vehicle for which the items are to be used, and (3) including any project for the reconstruction (either by

a grantee directly or by contract) of any equipment and materials that would after reconstruction otherwise qualify as an "associated capital maintenance item". The section would set the Section 9 matching ration for capital grants at 80% federal share and 20% nonfederal share, but allows transit grantees to increase the nonfederal match if they desire.

Section 7—Newly urbanized areas.—This section would affect urbanized areas that had received assistance under the Section 18 rural transit program but, as a result of the 1980 Census, now receive assistance under the Section 9 formula grant program for cities with populations above 50,000. Such urbanized areas would be able to use their federal transit assistance for operating assistance at the level they used for operating assistance in fiscal year 1985.

Section 8—Use of lapsed formula grant funds.—This section would require that any reallocation of lapsed funds shall occur within 30 days after the end of the fiscal year in which they lapse. Under existing law, Section 9 funds are available to the recipient in the year they are apportioned and for three additional years after which they lapse.

Section 9—Apportionment of formula grant funds.—This section would require the Department of Transportation to apportion Section 9 formula grant funds within 10 days after enactment of the appropriations act and to publish the apportionments for each program participant.

Section 10—Use of funds from the Mass Transit Account of the Trust Fund for Section 9 formula grant purposes.—This section provides that gas tax funds allocated to Section 9 will be available for capital grants only but will otherwise be available under the same terms and conditions as other Section 9 funds.

Section 11—Certification regarding use of Section 9 formula grant funds.—This section would require each recipient of a formula grant to certify within two years after the funds are made available that the funds will be obligated within the four-year period of availability. If that certification is not made, the funds will become eligible for reallocation in the third year.

Section 12—Rulemaking.—This section would require the Secretary of Transportation to prepare an annual agenda listing all rulemaking activities that are proposed for the following twelve-month period. It requires that the agenda be (1) submitted to the House Committee on Public Works and Transportation, the House Committee on Appropriations, the Senate Committee on Banking, Housing, and Urban Affairs and the Senate Committee on Appropriations and (2) simultaneously published in the *Federal Register.* This section requires that, with the exception of emergency rules, the Secretary shall give interested parties at least 60 days to comment on proposed rules before they go into effect. The Secretary is exempted from providing the 60 day comment period only if the Secretary finds for good cause that the rule is of a routine nature, is a matter of insignificant impact, or is required by emergency. An emergency rule would take immediate effect but expire after 120 days.

Section 13—Contracting for engineering and design services.—This section would amend Section 12(b) of the Urban Mass Trans-

portation Act of 1964 to require recipients of UMTA assistance to award contracts for engineering and design services on a qualifications-based system rather than a low-bid system. The provision would permit procedures similar to those presently required under Title IX of the Federal Property and Administrative Services Act of 1949 or an equivalent State requirement. The provision would not apply to the extent that a State adopts or has adopted by statute a formal procedure for procurring such services.

Section 14—Bus remanufacturing and overhauling of rolling stock.—This section would include within the definition of "construction", which is contained in Section 12(c) of the Urban Mass Transportation Act of 1964, (1) bus remanufacturing projects that add 8 years or more to the economic life of a bus and (2) rolling stock overhauls.

Section 15—Rural transportation equity.—This section would prohibit the placing of restrictions on the use of rural transit program funds for operating assistance accept as provided in the Section 18 authorization of the rural transit program.

Section 16—Project management oversight.—This section would create mechanisms which will improve the management of major capital projects and strengthen the Department of Transportation's ability to monitor those projects.

Subsection (a) would permit the Secretary of Transportation to use up to one-half of one percent of the funds made available for major capital projects in each fiscal year to contract for project management oversight services. The Secretary would pay 100 percent of the cost of carrying out such contracts. Each grant recipient would be required to give the Secretary and the management oversight contractor reasonable access to its construction sites and records.

Subsection (b) would require, as a condition of Federal financial assistance for major capital projects, that each grant recipient prepare and implement a project management plan.

Subsection (c) provides that, as required in each case by the Secretary, a project management plan shall specify (1) an adequate staff organization for the grant recipient, (2) a budget for the project management organization, (3) a construction schedule, (4) a document control and recordkeeping system, (5) a change order control procedure, (6) organizational and skill requirements for the construction phase, (7) a quality control system, (8) materials testing policies and procedures, (9) internal plan implementation and reporting requirements, (10) criteria and procedures for testing the operational system, (11) periodic updates of the plan, and (12) the grant recipient's commitment to submit to the Secretary monthly reports on the project budget and schedule.

Subsection (d) would require the Secretary to publish and submit for the review of the House Committee on Public Works and Transportation and the Senate Committee on Banking, Housing, and Urban Affairs proposed regulations to carryout this Section within 60 days after the date of enactment. Such regulations would be promulgated in final form not later than 120 days after enactment of this Section. The regulations would, at a minimum, define the term "major capital project" and require oversight to begin during a

project's preliminary engineering stage unless the Secretary finds it more appropriate to initiate oversight at another stage.

Subsection (e) would require the Secretary to approve a project management plan within 60 days of its submittal unless the Secretary informs the recipient that a longer time is needed. If a plan is disapproved, the Secretary would be required to inform the grant recipient of the reasons for disapproval.

Section 17—Crime prevention and security.—This section would authorize the Secretary of Transportation to make capital grants to public mass transit systems for equipment and facilities related to crime prevention and security. Such grants would be permitted where law enforcement responsibilities are vested in a local public body other than the grant recipient.

Section 18—Inflation adjustment for Interstate Transfer Transit Program.—This section would require the Secretary of Transportation to make a one-time adjustment in the cost-to-complete estimate for the interstate transfer-transit program to offset inflation in the 1982 through 1990 period. Since 1982, the inflation adjustment for the program has been capped. The inflation adjustment would add $100 million to the cost-to-complete estimate, which would be distributed pro-rata among all users of the program. The provision would not change annual authorizations for the interstate transfer-transit program.

Section 19—Multi-Year Contract for Metro Rail Project.—This section would require the Secretary of Transportation, after publication in the *Federal Register* of an approved supplemental environmental impact statement, prepared in accordance with the National Environmental Policy Act, to enter into a contract to complete the first two segments of the San Fernando Valley to Downtown Los Angeles Metro Rail Project.

Section 20—Bay Area Rapid Transit Study.—This section would require the Secretary of Transportation, in cooperation with the San Francisco area rapid transit district, to study financing alternatives for the rail system extensions identified in the regional transportation plan. The study would have to be completed within one year of the date of enactment of this section.

Section 21—Transfer of Section 9 Funds.—This section would permit the Governor of Nevada to transfer up to $10 million of unused Section 9 and 9A apportionments to Santa Clara County, California after consultation with all urbanized areas in Nevada.

REGULATORY IMPACT STATEMENT

In accordance with paragraph 11 of rule XXVI of the standing Rules of the Senate, the Committee makes the following statement regarding the regulatory impact of the bill.

Enactment of the bill's provisions will not impose additional regulatory or paperwork burdens on private firms or individuals. The requirements of Section 16 relating to project management oversight are designed to encourage the adoption of sound procedures to reduce waste and inefficiency in the implementation of major capital projects. The Committee believes that this Section will on balance reduce the paperwork required by less effective project management oversight procedures.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, January 27, 1987.

Hon. WILLIAM PROXMIRE,
Chairman, Committee on Banking, Housing, and Urban Affairs, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate for the Urban Mass Transportation Authorization Act of 1987.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,
Sincerely,

RUDOLPH G. PENNER,
Director.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: Not yet assigned.

2. Bill title: Urban Mass Transportation Act of 1987.

3. Bill status: As ordered reported by the Senate Committee on Banking, Housing and Urban Affairs, January 21, 1987.

4. Bill purpose: The bill would authorize programs of the Urban Mass Transportation Administration for fiscal years 1987 through 1990. These programs include the Section 3 discretionary grants, Sections 9 and 18 formula grants and mass transit interstate substitute projects.

The bill would also provide that revenue of the Mass Transit Account of the Highway Trust Fund (not including interest) above that otherwise authorized for discretionary grants and up to a maximum of $2.5 million would be used to provide additional budget authority for formula and discretionary transit grants. These additional trust fund monies would be available first for Sections 9 and 18 to the extent that appropriations fall below $2 billion. Any remaining funds would be distributed between Section 9 capital grants and Section 3 discretionary grants.

The bill would amend the Urban Mass Transporation Act of 1964 to require a specific allocation of Section 3 funds. This amendment would require that 45 percent of these funds be used for rail modernization, 40 percent for new starts and 15 percent for buses and bus-related facilities. The bill would require the Secretary of Transportation to enter into a multiyear contract under Section 3 with the Southern California Rapid Transit District to complete two segments of the Downtown Los Angeles to the San Fernando Valley Metro Rail Project, after approval of an environmental impact statement.

The bill would also direct the Secretary of Transportation to increase the estimate of the cost of completing substitute transit projects by $0.1 billion.

5. Estimated cost to the Federal Government: The bill would provide direct spending from the Mass Transit Account of the Highway Trust Fund and authorize appropriations from the general fund. The following table shows the total spending for the programs authorized by the bill (including outlays from previous

years' authority), as well as spending changes relative to current law.

BUDGETARY IMPACT OF THE URBAN MASS TRANSPORTATION AUTHORIZATION ACT OF 1987

[By fiscal year, in millions of dollars]

	1987	1988	1989	1990	1991	1992
	DIRECT SPENDING FROM TRUST FUND					
Budget authority:						
Discretionary grants (sections 3, 8, 4(i), and 16(b))	1,003	1,000	1,000	1,000		
University transportation centers	6	6	6	6	6	
Additional use of trust fund revenues:						
Discretionary grants		1	1	1		
Formula grants		2	2	2		
Total budget authority	1,009	1,009	1,009	1,009	6	
Outlays:						
Estimated total outlays [1]	790	980	1,030	1,030	1,000	820
Estimated change in outlays relative to current law	50	190	450	710	860	800
	AUTHORIZATIONS OF APPROPRIATIONS					
Authorization level:						
Substitute projects	200	200	200	200		
Sections 9 and 18 formula grants	2,000	2,000	2,000	2,000		
Research and administration	48	50	50	50		
Total authorizations	2,248	2,250	2,250	2,250		
Less: Appropriations to date	2,248					
Net additional authorizations		2,250	2,250	2,250		
Outlays:						
Estimated total outlays [1]	2,240	2,290	2,330	2,390	1,630	1,250
Estimated change in outlays relative to current law		840	1,270	1,660	1,250	1,340

[1] Including outlays from authority available before fiscal year 1987.

The costs of this bill fall within budget function 400.

Basis of Estimate: CBO assumes that all funds authorized by the bill for fiscal years 1988–1990 will be appropriated prior to the beginning of the fiscal year. Outlays are based on historical spending rates.

The bill would authorize spending from the Mass Transit Account of the Highway Trust Fund of approximately $1 billion in fiscal years 1987 through 1990 for Section 3 discretionary grants. It would also authorize appropriations of $2 billion in each of these years for grants under Sections 9 and 18. In addition, CBO estimates that $2.5 million in additional budget authority would be provided from the trust fund for transit grants under this bill. In the absence of obligation ceilings after 1987, this estimate assumes that obligations will approximate budget authority in each year.

6. Financing mechanism: This bill provides direct spending authority, in the form of contract authority, and authorizes funding to be provided in appropriation bills. For those programs that receive contract authority, this estimate shows the amount of such authority. For other programs, the estimate presents budget authority that is authorized to be appropriated, and the estimated outlays that would be generated if the Congress chooses to fully fund the authorized amounts.

7. Estimated cost to State and local governments: Most of the funds provided by this bill are in the form of grants to State and local governments. The bill would limit the amount of Section 9 funds that could be used by newly urbanized areas for operating assistance to the amount available in fiscal year 1985.

8. Estimate comparison: None.

9. Previous CBO estimate: On January 20, 1987, the Congressional Budget Office prepared a cost estimate for H.R. 2, the Surface Transportation and Uniform Relocation Assistance Act of 1987, as introduced January 6, 1987. That bill provided five-year authorizations for mass transit programs. H.R. 2 provided additional budget authority of approximately $1 billion in fiscal year 1987 and $1.8 billion in each of the fiscal years 1988–1991, compared to $1 billion annually in fiscal years 1987–1990 in this bill.

10. Estimate prepared by: Majorie Miller.

11. Estimate approved by: C.G. Nuckols for James L. Blum, Assistant Director for Budget Analysis.

CHANGES IN EXISTING LAW

The Committee has determined that it is necessary, in order to expedite the business of the Senate, to dispense with the requirements of rule XXVI, paragraph 12, of the standing rules of the Senate, with respect to this legislation.

ADDITIONAL VIEWS OF SENATOR ARMSTRONG

More powerful than a locomotive, the Senate Banking Committee rushed through a budget-busting mass transit bill.

Yes, my friends we are back to the days of legislate first and ask questions later.

The mass transit bill is $5 billion more than requested by President Reagan. Naturally, taxpayers assume that spending of such magnitude would follow careful thought and reasoned debate. For instance, citizens might assume their Senators have already determined how to pay for such an increase, whether by adding another $5 billion to our $200 billion federal budget deficit, raising $5 billion in new taxes, or cutting the budget by $5 billion in other accounts.

But, none of these matters was even considered when this bill rifled through the Committee. Consider this:

No hearings were held on this bill.

The notice announcing the mark-up said the Committee would consider legislation "yet to be introduced."

A copy of the bill was available to Committee members barely 24 hours before the Committee voted on the bill.

During the mark-up, staff and Senators were unable to answer questions about the meaning of the bill.

The Committee rejected the Chairman's proposal to fund the programs for one year, have hearings, and then proceed to a multi-year authorization bill.

The bill will be rushed to the Senate floor this week without time for thorough scrutiny of the bill or report, let alone to actually think about what the federal mass transit policy should be.

The Senate occasionally uses such expedited procedures near adjournment of a session when time is constrained, but this Congress has been in session for only 9 working days.

Why the rush?

Sorry I can't answer that question. Neither could anyone else during the mark-up . . . though I asked the question several times.

Perhaps the rush is somehow related to the urgently needed mass transit policy decisions demanding to be made in the country. In reviewing the bill, nothing in it strikes me as urgent. In fact, the opposite is true. There are provisions in this bill which may warrant defeat of the bill. Let me detail one provision in the bill that just by accident I happened to find. This provision requires the Secretary of Transportation to fund the first two segments of a rail system in Los Angeles. Not only is the specification of a transit project unprecedented for the Senate Banking Committee, it is for an "undefined" project that may cost over $180 milion-a-mile—the most expensive in history, according to the Office of Management and Budget (OMB).

The Los Angeles rail system was originally projected for 18 miles and over $3 billion. But, this project was scaled back because of objections raised by the Urban Mass Transportation Administration (UMTA). Congress eventually forced UMTA to fund a 4.4 mile segment that may cost the federal government up to $700 million and have no appreciable impact on transportation in the 2,439 square mile Los Angeles Metropolitan area. This bill would require a further unknown amount of federal funding for a second segment that has yet to be defined. OMB estimates that Los Angeles' annual federal funding needs could preclude the government from funding other new systems around the country. Even the *Los Angeles Times*, the project's hometown newspaper, noted that if the entire 18 mile system is completed by the year 2000, it will reduce the 48 million daily auto trips in Los Angeles by only 236,000—a fraction of total trips. Why should farmers in eastern Colorado, steel workers in Pennsylvania, or fishermen in Boston pay for this expensive rail transit system in a city where auto ownership is well above the national average?

On the surface, at least, this Los Angeles project does not seem to be integral to federal mass transit policy. It may be the Senate Banking Committee has sound reasons to reject out of hand the President's proposals for federal mass transit policy. But, this bill does not articulate a better federal policy nor justify the additional $5 billion more than requested by the President. One certainly is led to question the federal obligation to transit systems owned and operated by cities and local governments. While a strong case can be made for the federal government to help finance Interstate highways that are part of a national transportation network, the logic does not hold true for local transportation systems.

Forty years ago, local transit systems were privately owned and profitable. With the emergence of the automobile and growth of cities outward to the suburbs, ridership on mass transit declined. Twenty-five years ago the government thought it could pump new life into transit by providing $30 million to modernize transit systems. Then, thirteen years ago the oil embargo gave the government an excuse to start subsidizing operating costs. Five years ago, Congress set aside one cent of the nine cent tax motorists pay on gasoline, so cities can buy new buses and build new mass transit systems. According to OMB, Federal spending has increased 2,000% since 1970 and accumulated to $40 billion in total federal assistance. In the President's Fiscal Year 1986 budget request, it was determined we now spend, incredibly, more per mass transit rider ($500 per rider) than we do per average Food Stamp recipient ($400 per recipient)!

What does the country get for emphasizing bus and rail riding over even that of feeding the poor? In Miami, OMB points out, the government paid 80% of the cost to build a $1 billion rail system that carries less than 1% of the area's citizens and operates on an annual deficit of $100 million. The government could have saved money if it bought each current rider a new car every five years for the next 50 years. In Detroit, $210 million has already been spent on a rail system projected to cost $30 million, expected ridership has declined from 37,000 to 15,000 and construction has yet to be completed. Detroit, presumably, could also have purchased a sig-

nificant amount of buses for this price. The existence of the federal dollars is clearly creating pressure for all cities and states to get their fair share, and nationwide states, including Colorado, are starting and planning projects that may require $19 billion in taxpayers money.

The government's generosity, however, has not proved to be a panacea for mass transit. Ridership has continued to decline from 8.9% of all commuter trips in 1970 to 6.4% in 1980; the fare box is relied on less and less for revenue and has declined as a percent of total operating costs from 92% in 1965 to 38% in 1983; and, transit wages have increased 28%, while productivity (vehicle miles per employee) has declined 19%, according to OMB.

One has to wonder where the federal revenues have been put to use. A Study by the Transportation Systems Center answered that question. Between 1975 and 1985, $9.3 billion was provided by the government in operating assistance, but only $1.5 billion actually benefitted transit riders. Over $2.5 billion went to increase transit workers wages above the cost-of-living; $1.9 billion was absorbed by decreases in productivity; $1.3 billion was used to keep fares artificially low, and $1.1 billion provided unneeded service. The study further found that $1.4 billion replaced state and local operating assistance that otherwise would have been available.

Mass Transit supporters contend federal subsidies are needed to help the poor, yet the National Person Transportation Survey found that mass transit accounts for less than 4% of trips by those earning less than $16,650 a year. Only 23% of riders earn under $10,000 a year and nearly half the riders earn over $20,000 a year. The 1980 Census showed that only 10% of transit riders are below the poverty level.

Other common assertions for the federal role in mass transit rest on claims that mass transit can alleviate oil dependence, improve the environment, or stimulate economic growth. Upon inspection, these laudable goals are proving elusive. A Congressional Budget Office report found rail systems failed to divert riders from autos and, on the whole, "new rapid rail systems actually waste energy rather than save it." A survey of the Washington area found job growth to be 30% less around metro stations than for the region as a whole.

Still others will contend federal funding of mass transit is necessary to coordinate transit policy with highway policy. Besides not understanding that local governments know best their transportation needs and the local citizenry knows best what can be afforded, the philosophy shows an ignorance of the mass transit programs. Transit projects pop-up around the country simply because the federal government will pay 75–80% of the cost. As a result, transit districts purchase 40–50% more buses than needed and transit systems are built in Atlanta, Washington, D.C. and elsewhere that parallel highways and provide double the needed capacity. I believe mass transit can do much to revitalize communities, but this is not the way to do it.

WILLIAM L. ARMSTRONG.

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